



0000118151

ORIGINAL
RECEIVED

2010 SEP 15 P 4:14

September 14, 2010

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control

Arizona Corporation Commission

1200 West Washington

Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

SEP 15 2010

DOCKETED BY

RE: Docket NO. E-01345A-09-0338

Dear Commissioners:

Harmon Solar (HS) a division of Harmon Electric, Inc appreciates the opportunity to address the Arizona Corporation Commission (ACC) regarding ARIZONA PUBLIC SERVICE (APS) COMPANY'S REQUEST FOR CLARIFICATION AND MODIFICATION OF RESIDENTIAL INCENTIVE (DOCKET NO. E-01345A-09-0338).

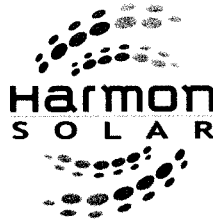
Harmon Electric, Inc. is a second generation native Arizonan run company that has been serving the people and businesses of Arizona for over 35 years. On behalf of our 33 employees and their families we recognize the important role the ACC and APS has played in developing such a valuable solar energy program for the residents of Arizona. The program has been so well received that APS is now faced with a backlog of reservations that continues to grow. We feel it is critical to the continued success of the program to move these "logged" or "wait-listed" applications forward to construction as expeditiously as possible.

Harmon Solar has identified three major issues in the APS docket that need to be addressed:

- How much unallocated funding is available from the 2010 budget or past budgets to reserve systems in the October 2nd funding cycle?
- What amount should be used for the residential PV incentive for the October 2nd funding cycle?
- If needed, how much of the 2011 proposed budget should be allocated to reserve systems in the October 2nd funding cycle?

Unallocated Funding

APS is anticipating that approximately \$4 million in additional funding may be available for reserving systems in the upcoming October 2nd funding cycle. Harmon Solar encourages APS to review any other unallocated funding and make it available immediately to the Residential PV Program.



Oct 2nd PV Incentive Amount

The incentive amount that is currently posted by APS is \$1.95/watt. This is the only amount that the APS customer sees when they complete their online reservation application. Harmon Solar feels it would be a travesty to change this incentive "after the fact" or "retroactively" without warning to the APS customers and Solar Installers. It is Harmon Solar's recommendation to keep the incentive at \$1.95/watt for everyone of the APS customers that are currently on the wait list. Just as the ACC did back in April, provide a brief window to allow those in process to get reserved under the posted incentive amount. The rate should only be reduced after the new date & incentive rate is published.

2011 Funds allocated for Oct 2nd 2010 Funding Period

After APS identifies how much unallocated funding is available from 2010 & past budgets/programs the balance of what is needed to relieve the backlog should be pulled from the 2011 budget. It is Harmon Solar's recommendation to clear out the backlog using these funds.

"Rapid Reservations" Request

One other item that Harmon Solar feels merits discussion is the proposal to offer a "rapid reservation" for those customers willing to accept a \$1.00/watt incentive. Harmon Solar feels this is a point that needs to be given sufficient time to weigh the positives / negatives to all parties before approval is granted. We would hope this point would be debated as part of the 2011 APS RES plan, and not allowed for the October 2nd funding period.

We thank you for your time and look forward to working together to provide a consistent solar energy program as well as creating/maintaining jobs for Arizona's citizens.

Sincerely,

William D. King
Harmon Solar
COO